

Message Text

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ORIGIN ARA-10

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CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 CIAE-00

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PRS-01 L-02 H-01 IO-10 /109 R

DRAFTED BY AHWOODRUFF

APPROVED BY ARA- HMSHLAUDEMAN

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ARA/LA/PLC:RMELTON

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S/S:JPMOFFAT

EUR/CAN:DKRUSE

S-DCGOMPERT

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R 040227Z MAR 75

FM SECSTATE WASHDC

TO AMEMBASSY OTTAWA

INFO AMEMBASSY CARACAS

C O N F I D E N T I A L STATE 047656

E.O. 11652: GDS

TAGS: ETRD, EFIN, CA, CU

SUBJECT US POLICY TOWARD LATIN AMERICAN ECONOMIC GROUPS.

REF; OTTAWA'S 694.

1. OTTAWA REFTTEL REPORTED INQUIRY BY CHARPENTIER (EXTAFF) REGARDING US POLICY TOWARD VENEZUELA'S MOVES TO CREATE LATIN AMERICAN TRADE ZONE, FORTHCOMING MEETING OF LATIN AMERICAN LEADERS IN CARACAS AND SECRETARY KISSINGER'S ATTENDANCE AT FORTHCOMING OAS MEETING. WHILE WE WOULD PREFER THAT OTTAWA NOT MAKE A SPECIAL POINT OF BRIEFING CHARPENTIER ON US-LATIN AMERICA POLICY, EMBASSY MAY DRAW ON FOLLOWING ANALYSIS IN GENERAL DISCUSSION WITH EXTAFF
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2. VENEZUELA'S INCREASING INFLUENCE IN THE HEMISPHERE, PARTICULARLY IN CENTRAL AMERICA AND THE CARIBBEAN, THE VENEZUELAN-MEXICAN SPONSORSHIP OF A NEW LATIN AMERICAN ECONOMIC SYSTEM SELA) WHICH WOULD EXCLUDE THE US, AND VENEZUELA'S CALL FOR A MEETING OF LATIN AMERICAN CHIEFS OF STATE SOMETIME THIS SUMMER ARE ALL DEVELOPMENTS WHICH COULD CAUSE US SOME PROBLEMS IN THE SHORT TERM. FOR EXAMPLE, EVENTUAL MEMBERSHIP AND ACTIVITIES OF SELA ARE QUITE UNCLEAR AT PRESENT, BUT WE ARE GENERALLY CONCERNED THAT COMMODITY ASSOCIATIONS AND FINANCING ARRANGEMENTS COULD RESULT IN HIGHER COMMODITY PRICES. MOREOVER, SOME POLITICAL ABRASION MIGHT RESULT GIVEN THE RESTRICTIONS IN TITLE V OF THE TRADE BILL DIRECTED AGAINST MEMBERS OF CARTELS WHICH WITHHOLD OR RAISE PRICES OF VITAL COMMODITIES

3. HOWEVER, U.S. INTERESTS MIGHT BE WELL SERVED OVER THE LONGER TERM. SOME SHARING OF THE DEVELOPMENT BURDEN IN CENTRAL AMERICA, WHERE MOST OF OUR BILATERAL ASSISTANCE IS NOW CONCENTRATED, WILL BE HELPFUL AND JOINT PROJECTS WITH THE VENEZUELAN, IF CAREFULLY EXPLORED AND TACTFULLY HANDLED, ARE ENTIRELY POSSIBLE. MOREOVER, VENEZUELAN EFFORTS TO ESTABLISH A LONGER TERM INSTITUTIONAL APPROACH TO ALLEVIATE THE IMPACT OF ITS HIGHER OIL PRICES MIGHT BE A USEFUL MODEL FOR OTHER PRODUCER STATES.

4. OUR ATTITUDE TOWARD THESE DEVELOPMENTS WILL THUS DEPEND ON A MORE SPECIFIC ANALYSIS OF HOW PARTICULAR PROJECTS AND INSTITUTIONAL ARRANGEMENTS MIGHT AFFECT OUR INTERESTS. WE SHOULD MAKE IT CLEAR TO ALL CONCERNED, HOWEVER, THAT WHILE WE WILL NATURALLY OBJECT IF ANY GIVEN ACTION ADVERSELY AFFECTS THOSE INTERESTS, WE DO NOT OPPOSE EFFORTS BY THE LATIN AMERICANS IN THE DIRECTION OF REGIONAL OR SUB-REGIONAL COOPERATION PER SE. EMB OTTAWA WILL OF COURSE WANT TO REVIEW SECRETARY'S HOUSTON SPEECH ON THIS AND OTHER POINTS.

5. WE HAVE NO FIRM INFORMATION ON ATTENDANCE, DATE OR AGENDA FOR SUMMIT MEETING OF LATIN AMERICAN LEADERS IN CARACAS.

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6. RE CHARPENTIER'S REFERENCE TO AN OAS MEETING, WE ASSUME HE MEANS OAS GENERAL ASSEMBLY WHICH WILL BE HELD IN WASHINGTON AT MINISTERIAL LEVEL, PROBABLY IN EARLY MAY. WE ANTICIPATE THAT THE SECRETARY WILL ATTEND, ALTHOUGH IT IS ALWAYS POSSIBLE THAT EVENTS ELSEWHERE MAY INTERVENE. KISSINGER

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